

ANALYSIS OF THEORETICAL AND PRACTICAL CHARACTERISTICS OF PROFIT TAX

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Abstract

The article substantiates the need to categorize costs in the calculation of income tax by economic entities, their classification into economically justified and unjustified costs, analyzes using practical examples, highlights aspects of tax legislation that should be considered in Appendix 2 to the calculation of income tax.

Keywords: operating expenses, classification of costs, economically justified and unjustified expenses, expenses included in the cost of production, current expenses, financial expenses, extraordinary losses, income tax calculation.

Introduction

Currently, the concept of "economic justification and reasonableness" is an evaluator. In the legislation, it is necessary to provide a detailed description of all expenses that the taxpayer can take into account for calculating the profit tax, depending on the type of economic activity he performs.

1. Expenditures are justified and economically justified if they are made for the implementation of activities aimed at obtaining income. At the same time, only the purpose and direction of such activity is important, not the result.
2. It is not possible to evaluate the economic feasibility of expenses based on their feasibility, rationality, efficiency or the obtained result.
3. The expediency, rationality, efficiency of financial and economic activity can be evaluated only by the taxpayer himself, because he performs his activity independently and at his own risk.
4. All expenses incurred by the organization are initially justified.

First of all, it is necessary to classify expenses in the enterprise.

The enterprise incurs a number of expenses for the production and sale of products, the execution of works and the provision of services. They are classified according to:

- ☐ expenses included in the production cost of the product;
- ☐ period expenses;
- ☐ expenses for financial activities;
- ☐ extraordinary damages.

Costs included in the production cost of the product - the description of costs depending on the complexity of the production process requires an analytical calculation. In this case, it is necessary to determine the rate of production costs per unit of each product, performed works, performed services.



Period costs are costs that are not directly related to the production process, that is, costs of managing an economic entity, costs of product sales and other costs of general economic importance.

Expenses for financial activities include interest expenses, negative exchange differences on foreign currency transactions, other expenses for financial activities.

Extraordinary losses are unexpected expenses that arise as a result of events or operations that are not related to the activity of the enterprise. This rare event is not related to the company's activities.

Professor of the Belarusian State University A.A. Pilipenko's article "Normativno-prikladnye aspekty ponimaniya ekonomicheskoy obosnovannosti zatrat" considered the theoretical and practical aspects of the economic expediency of expenses for calculating profit tax. The author came to the conclusion that the level of legal regulation of cost determination in profit taxation is insufficient. The author justifies the need to define the criteria for recognizing expenses as economically reasonable in the tax legislation from the point of view of the analysis of foreign experience in the legal regulation of profit tax.

If the costs are directly and indirectly related to production, these costs are deductible costs:

- if it is done for the purpose of carrying out activities aimed at obtaining income. For example, participation in the tender (fee for participation in the tender, preparation of the tender and other costs), but the organization did not win the tender.
- if it is necessary or serves to maintain or develop business activity and the connection of expenses with business activity is clearly based. For example, organization YaTT or yur. paid a fee to an individual - a turnover tax payer for consulting services. This includes the contract, invoice and performance report.
- if it follows from the provisions of the law. For example, an enterprise needs a certificate of conformity to sell its manufactured product, for this, as a rule, it signs a contract with the relevant organization and spends money and receives a certificate of conformity.

Reasons why the tax authority may try to find expenses unreasonable:

- did not generate income; - the organization suffered damage;
- the cost does not correspond to the financial situation of the organization; - expenses not related to the main activity of the company;
- a very expensive property was bought, for example, a luxury car, the design repair was carried out in the office.

But this does not mean that the company should automatically recognize them as economically unjustified.

A company's expenses should be related to the nature of its activities, not profits. They are taken into account regardless of the presence or absence of sales revenue during the tax period. The taxpayer operates independently at his own risk and has the right to evaluate its effectiveness and appropriateness.

Now let's look at a few situational examples:

1. In order to understand that legal expenses are considered deductible expenses in the calculation of profit tax, it is necessary to know what the legal process is related to. If it is related to the receipt of taxable income, court costs may be deductible expenses (Section 305 of the Criminal Code).



2. Childbirth allowance is paid from the Pension Fund. However, if you pay financial support in connection with the birth of a child - this will be a non-deductible expense (Article 317, paragraph 6 of the Civil Code).

The allowance given until the child reaches 2 years of age and the allowance on the certificate of temporary incapacity for work are deductible expenses, the reason for which is due to the provisions of the legislation (Article 305, Clause 4, Clause 3 of the Civil Code).

3. Contributions, fees and other payments paid to non-profit organizations are not deducted (the payment of such contributions, fees and other payments is provided for by law and (or) the condition of the activity by the taxpayers who paid these contributions, fees and other payments, or tax payments by these organizations except for the cases where it is a condition of providing necessary services for the payers to carry out their activities) (Article 317, p. 29 of the Civil Code).

Trade union organizations are voluntary public associations of citizens (Article 3 of the Law on Trade Unions). Therefore, monthly union dues of 1% of MHF are non-deductible expenses. Thus, the inclusion of enterprise costs in the calculation of taxable amounts should be carried out on the basis of the principle of economic expediency. At the same time, there is no clear understanding of the reasonableness of costs in any legislation. The criterion has an evaluative nature and raises a number of questions and disputes during tax audits.

Based on the above, it is suggested:

1. It is necessary to classify economically justified and unjustified expenses.
2. It is necessary to categorize expenses, that is, mandatory and discretionary.
3. Expenditures, if they are made for the implementation of activities aimed at obtaining income, such expenses are considered justified and justified from an economic point of view. At the same time, it is not the result of such activity that is important, but the purpose and direction.

References

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